

# Sustainability Report 2020

## Overview

### A sustainable future





At Adbri we are committed to a sustainable future. A future where all our people go home safely, our customers are at the heart of what we do, our people and workplaces are inclusive, and where we grow value for our investors and communities whilst taking care of our environment and addressing climate-related impacts. This future is supported by our strategic pillars of safety, customer focus, inclusivity and sustainable growth that we introduced during the year to build a common culture and values across the Group.

## Approach

Adbri's sustainability strategy focuses on assessing risk and identifying opportunities to improve social, environmental and economic outcomes. We are respectful of our social licence to operate and we recognise that contributing to a sustainable future is essential for our long-term business success. We will achieve this by fostering responsible business practices and engaging our people and communities in 'Building a better Australia'.

### Global alignment

The United Nations defined 17 Sustainable Development Goals (SDGs) that address important challenges facing the world as part of the United Nations 2030 Agenda for Sustainable Development. Adbri's purpose, pillars and Sustainability Framework are aligned to the SDGs, of which four SDGs represent the material areas where Adbri contributes to a sustainable future.

SDG	SDG objective	Adbri's commitment
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	Adbri is committed to enhancing our diverse and inclusive culture, and our aim of 'Work Safe, Home Safe' for the protection of our people and the environment, every day.
	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.	We continue to develop and invest in product quality and research low carbon technologies to build sustainable and resilient products and manufacturing processes for a future low carbon industry.
	Ensure sustainable consumption and production patterns.	We are committed to reducing our impact on the environment and local communities from our activities, products and services. Adbri assesses our climate risk exposure and adopts measures to achieve improved social and environmental outcomes, including supporting a circular economy and reducing waste to landfill.
	Take urgent action to combat climate change and its impacts.	We continue to take action to reduce carbon emissions for a low carbon future through our production processes, building resilience and ensuring our people, local communities and other stakeholders are engaged on our sustainability journey.



Governance

Adbri's Board and Management are committed to the highest standards of corporate governance: actively managing our risks and opportunities which is essential for long-term sustainable performance and value creation for all stakeholders.

Board approach

In 2020, the Safety, Health, Environment and Community Committee was renamed to the Safety, Health, Environment and Sustainability (SHES) Committee to better reflect the Company's focus on sustainability.

The SHES Committee charter sets out its role to monitor and oversee, on behalf of the Board, the effectiveness of safety, health and environment practices, and to assist and advise the Board in relation to corporate social responsibility and sustainability. The SHES Committee works within the Group's risk framework to identify, manage, and report risks and opportunities through oversight of:

- Management and employee roles and accountabilities, and expectations of contractors;
- resources and processes to identify, manage, report and reduce SHES risks;
- consultation and communication with employees, contractors, suppliers and customers on SHES matters;
- processes for complying with our legislative obligations;
- protection of the health, safety and wellbeing of employees, contractors and visitors;
- provision of an early injury intervention program, return to work opportunities for injured employees, effective rehabilitation and equitable claims management; and
- avoidance, reduction and control of waste and pollutants to reduce adverse environmental impacts.

Management approach

The Management team recognises that sustainability is an important component of the Company's purpose of 'Building a better Australia' by managing our operations in a safe and sustainable manner. SHES key performance indicators are embedded into Executive remuneration, with non-financial performance components of short-term incentives including a range of metrics to drive performance in the areas of leadership, people, diversity, health, safety and environment.

“

Our integrated HSE System provides standards and a framework for achieving our SHE objectives, whilst the Sustainability Framework priorities and targets provide the foundation for environmental sustainability performance, including taking action on climate change.

Continuous improvement in sustainability is driven through Management working groups:

- the Safety, Health, Environment Committee (SHEC) oversee the implementation and execution of Adbri's Health, Safety and Environment (HSE) Strategy and make decisions related to associated risks;
- the Executive Sustainability Steering Committee (ESSC), which focuses on environmental sustainability including climate change; and
- the Executive Management Team, which provides oversight for the effective management of our business.

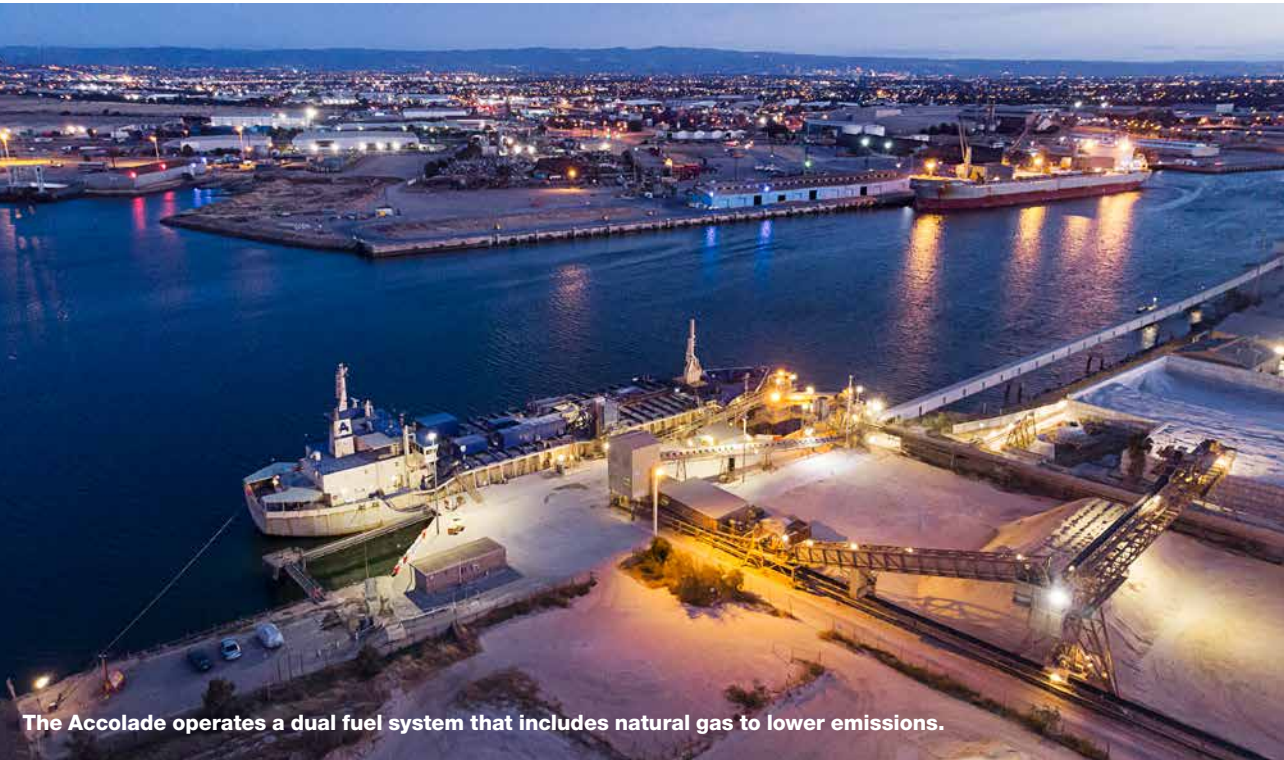


Challenges and opportunities

Sustainability presents both challenges and opportunities for Adbri. Our response to these has helped us increase revenue through development of new products, reduction of our carbon footprint, reduce costs and better management of risks. It is our intent to extend on our current efforts by continuing to drive sustainable development and innovation to improve long-term value for our stakeholders.

Key challenges / opportunities

Climate action	We assess and report climate change risks and opportunities to stakeholders and continue to reduce our impact by taking action to set a path to a low carbon future, contributing to net zero carbon emissions by 2050. Adbri works with Governments and stakeholders to support climate change regulation and policies that provide for a sustainable future.
Environmental stewardship	We are committed to the protection of the environment. We seek continual improvement in our performance through assessment and management of environmental risk, operational compliance and integrating environmentally sustainable practices into all areas of the business. This includes pollution management, reduction of waste and consumption of natural resources as part of promoting a circular economy, improve water and land management practices to protect biodiversity and ecosystems, and rehabilitation of land under our care.
Health, safety and wellbeing	We strive to continually improve the health and safety performance of our sites. Adbri's HSE Management System, training and business culture help to protect the wellbeing of our workers and minimise the health, safety and environmental risks, hazards and impacts associated with our activities, products and services.
Diversity and inclusion	Adbri is committed to an inclusive workplace, one of the Company's four pillars, promoting and valuing diversity. We know that a diverse and inclusive culture enhances our working environment and results in better business outcomes.
Community	We are committed to being a socially responsible member of the communities in which we operate, valuing our stakeholders and continue to seek ways to improve outcomes and engagement with our local communities.
Technology	We invest in technology and innovation to enhance the efficiency, productivity, quality and sustainability of our business. We also participate directly, or through partnerships and collaboration, in research to develop technologies for the production of construction materials.
Economic vitality	Our social licence to operate is built on our commitment to sustainability. Integral to this is providing local employment opportunities, producing necessary goods and services, and payment of taxes to Local, State and Federal Governments. We operate the business efficiently and responsibly manage our risks, supporting Australia's economy with a diverse and vertically integrated business that supports economic growth.



The Accolade operates a dual fuel system that includes natural gas to lower emissions.



# Sustainability framework

Adbri's Sustainability Framework, adopted in 2019, provides a focus for prioritising our efforts in alignment with SDGs that are material to the Company to drive measurable performance for the long-term success of the business.

The framework covers two strategic goals:

1. fostering a sustainable and responsible business; and
2. enhancing engagement with people and communities.

Within the framework we have set focus areas to drive action within the company:

- reducing adverse environmental impacts;
- developing low carbon products;
- engaging our people in sustainability initiatives; and
- building strong relationships with local communities.

Priorities are set for each focus area with 5-year targets that use 2019 as a baseline. Beyond these 2025 targets, Adbri is considering our longer-term risks and opportunities relating to climate change and increasing demand for sustainable production.



	Strategic Goals	Challenges and opportunities	Current initiatives	Future priorities	5-Year Targets	Alignment to SDGs
Sustainable and responsible business	Reduce adverse environmental impacts	<ul style="list-style-type: none"> <li>Emission intensive core products</li> <li>Waste (excess concrete, packaging, use of recycled materials)</li> <li>Plant design not all to current best practice</li> </ul>	<ul style="list-style-type: none"> <li>Using raw material substitutes</li> <li>Using alternative fuels</li> <li>Responsible sourcing and screening of products</li> <li>Diverting waste from landfill</li> <li>Progressive rehabilitation</li> <li>Developing TCFD disclosures</li> <li>Implementing roadmap to deliver on TCFD recommendations</li> <li>Use of renewable energy sources including wind and solar</li> <li>Improving environmental compliance through technology</li> </ul>	<ul style="list-style-type: none"> <li>Responsible use of buffer land (planting trees, solar installations)</li> <li>Complete product lifecycle assessments</li> <li>Waste minimisation and recycling strategy</li> <li>Improve efficiency of operations (energy efficiency and plant upgrades)</li> <li>Renewable energy strategy</li> <li>Reduce the use of potable water in industrial processes</li> <li>Business case to introduce hybrid / electric vehicles and trucks</li> </ul>	<ul style="list-style-type: none"> <li>7% carbon emission reduction</li> <li>50% kiln fuel to be sourced from alternative fuel in SA</li> <li>25% reduction in process waste to landfill</li> </ul>	SDG 9: Industry, Innovation and Infrastructure  SDG 12: Responsible Consumption and Production  SDG 13: Climate Action
	Low carbon products	<ul style="list-style-type: none"> <li>Regulatory impediments to replacing Portland clinker cement</li> <li>Lack of scalable demand for greener products</li> <li>Produce cement with 20% limestone capability</li> </ul>	<ul style="list-style-type: none"> <li>Developing geopolymers capability</li> <li>Recycle cement packaging</li> <li>Environmental product disclosure</li> <li>Creating products to customer specifications at Birkenhead, including production of low carbon products</li> </ul>	<ul style="list-style-type: none"> <li>Develop carbon-neutral / low carbon products via R&amp;D investment and strategic initiatives</li> <li>Grow portfolio of sustainable products</li> <li>Look to acquire businesses providing sustainable products and solutions</li> </ul>	<ul style="list-style-type: none"> <li>20% increase in the tonnage of alternative raw materials use</li> </ul>	SDG 9: Industry, Innovation and Infrastructure  SDG 12: Responsible Consumption and Production  SDG 13: Climate Action
Engaged people and communities	People	<ul style="list-style-type: none"> <li>Reduce harm to our people (physical and mental health)</li> <li>Workforce diversity and inclusion</li> <li>Establish brand identity</li> <li>Access to information</li> </ul>	<ul style="list-style-type: none"> <li>Implementing Safety 'Step Change' Program</li> <li>Review of Diversity and Inclusion Policy</li> <li>Developing Reflect RAP</li> <li>Implementing graduate program</li> <li>Inaugural Modern Slavery statement</li> <li>Brand working group established</li> </ul>	<ul style="list-style-type: none"> <li>Wellbeing strategy, including mental health</li> <li>Progress our reconciliation journey through the RAP stages</li> <li>Common values, goals and operating principles</li> <li>Company initiatives for employees, e.g. plastic, lighting, waste, energy</li> <li>Develop digital strategy</li> </ul>	<ul style="list-style-type: none"> <li>10% reduction in TRIFR every year</li> <li>Innovate RAP approved</li> <li>30% female NEDs</li> <li>20% female employees</li> <li>Digital platform established to improve communication</li> </ul>	SDG 8: Decent work and economic growth
	Communities	<ul style="list-style-type: none"> <li>Reduce the negative impact and contribute positively to the communities in which we operate</li> <li>Investor engagement</li> </ul>	<ul style="list-style-type: none"> <li>Developing cohesive messaging and branding for communities and investors i.e. sustainability strategy and reporting</li> <li>Strategic community engagement initiatives</li> <li>Supporting local employment</li> </ul>	<ul style="list-style-type: none"> <li>Enhance external communications</li> <li>Community engagement strategy</li> <li>Visible community partnerships</li> <li>Local employment focus</li> </ul>	<ul style="list-style-type: none"> <li>Community investment aligned with the community engagement strategy</li> <li>Maintain regular external communications</li> </ul>	SDG 8: Decent work and economic growth

Performance highlights


Reduce environmental impacts



2.3%  
reduction in GHG carbon emissions

initial climate change scenario analysis completed

Low carbon products



4,896T  
increase in alternative raw material usage

17.3%  
reduction in coal usage at Munster


Engaged people



47.2%  
reduction in total recordable injury frequency rate

724  
critical risk control self-assessments completed

Engaged communities



3  
Aboriginal and Torres Strait Islander organisation sponsorships

55+  
organisations supported

Sustainability priorities

Reduce adverse environmental impacts

In our continuing journey to reduce environmental and climate-related impacts, we have developed a range of initiatives as part of our strategic goal to reduce environmental impacts, including materials and energy efficiency improvements through the use of raw material substitutes and alternative fuels.

UP TO 22%  
↓

expected reduction in electricity usage at four key Adbri Masonry sites with the installation of solar arrays.



Reduce adverse environmental impacts - Performance metrics, targets and progress

Material topics	Measure	2020	2019	Targets	Progress
Total GHG emissions (scope 1 and 2) <sup>1</sup>	tCO <sub>2</sub> e	2,332,553	2,387,020	5-year target of 7% GHG emission reduction from 2019 baseline	Improvement - 2.3% reduction
Scope 1 GHG emissions <sup>1</sup>	tCO <sub>2</sub> e	2,125,121	2,156,481		Improvement - 1.5% reduction
Scope 2 GHG emissions <sup>1</sup>	tCO <sub>2</sub> e	207,432	230,539		Improvement - 10.0% reduction
Total energy consumption <sup>1</sup>	GJ	14,286,867	14,782,120		Improvement - 3.4% reduction
Alternative fuel use in SA <sup>2</sup>	%	25%	23%	5-year target of 50% kiln fuel to be sourced from alternative fuel in SA from 2019 baseline	Improvement - 2 percentage point increase representing an increase of 2.5% tonnage of alternate fuel use
Process waste to landfill <sup>3</sup>	Tonnes	177,703	204,723	5-year target of 25% reduction in process waste to landfill from 2019 baseline	Improvement - 13.2% reduction
Mains potable water usage	ML	1,206	1,327	N/A	Improvement - 9.1% reduction
Reportable environmental incidents	Number	1	1	N/A	Stable - No change
Incidents with environmental consequences	Number	181	325	N/A	Improvement - 44.3% reduction

1. Greenhouse gas (GHG) emissions and energy consumption are measured and reported in line with the Australian National Greenhouse and Energy Reporting Act 2007. GHG is reported in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e).

2. Alternate fuels used at clinker and lime production facilities, sourced from recovered materials that displace a portion of traditional virgin fossil fuels and reduce waste to landfill. The emissions calculation methodology was adjusted in 2020 to provide a more precise figure, with 2019 comparative figure revised to enable a like-for-like comparison.

3. Process wastes are wastes produced through clinker and lime production that are sent to a final disposal destination. Additional waste streams have been included in current period. 2019 comparative revised to enable a like-for-like comparison.





We closely monitor the impacts of our operations to ensure we are a good neighbour.

Reduce adverse environmental impacts - Achievements

Initiatives	Progress
Using alternative fuels	<ul style="list-style-type: none"><li>Alternative fuels use in SA increased by 2 percentage points from 23% in 2019 to 25% in 2020, an increase in energy from all alternative fuel types used of 32,831 GJ.</li><li>In 2020, 105,792 tonnes of RDF, an engineered fuel that is recovered from waste that would otherwise go to landfill, was used to substitute a portion of our fuel needs from natural gas at the Birkenhead plant. Regulatory approval was received to increase throughput of RDF from 15 tonnes per hour (tph) to 25 tph.</li><li>Angaston and Mataranka plants utilised 5,143 kilolitres (kL) of recycled waste oil as a fuel replacement for traditional fossil fuels.</li></ul>
Responsible sourcing and screening of products	<ul style="list-style-type: none"><li>Our procurement policy addresses a range of factors to help Adbri select the best fit-for-purpose products and services for our business using best practice principles. Three key principles in our policy include:<ul style="list-style-type: none"><li>maintain competitive and transparent bidding processes;</li><li>maintain accountability and probity; and</li><li>consider and mitigate financial, environmental, health and safety risks.</li></ul></li></ul>
Diverting waste from landfill to beneficial uses	<ul style="list-style-type: none"><li>Waste diversion activities during 2020, in addition to the alternative fuels and raw materials initiatives outlined above, included:<ul style="list-style-type: none"><li>lime kiln dust re-use projects including agricultural applications and road construction material;</li><li>increased recycling of cement kiln dust and commitment to a \$6.0 million recycling project to reduce waste production from the Birkenhead kiln; and</li><li>onsite recovery and recycling of solid and liquid concrete wastes for beneficial re-use back into the production process or for manufacture of new product lines.</li></ul></li></ul>
Progressive rehabilitation (and responsible use of buffer land)	<ul style="list-style-type: none"><li>Progressive rehabilitation of land, particularly at our quarries, reduces the impact of these activities at the site at any one time. As activities shift from extraction of resources in older areas, proactive rehabilitation is undertaken through landscaping and planting to rejuvenate the natural landscape. For example, at our Austen quarry, we have been undertaking progressive rehabilitation since 2004, with over 15,000 trees, shrubs and ground covers planted, including planting of vulnerable species.</li></ul>
Developing TCFD disclosures and implementing roadmap to deliver on recommendations	<ul style="list-style-type: none"><li>Adbri has committed to reporting in line with TCFD recommendations. In our TCFD program we continue to progress all four streams of work:<ul style="list-style-type: none"><li>governance and oversight;</li><li>climate change policy, strategy and metrics;</li><li>climate risk management supporting projects; and</li><li>scenario analysis.</li></ul></li><li>Adbri is undertaking a scenario analysis exercise where climate models are used to assess physical and transition risks.</li></ul>
Use of renewable energy sources including wind and solar	<ul style="list-style-type: none"><li>Adbri increased its usage of renewable energy, installing solar panels with capacity of 500kW at sites in our Concrete Products division, reducing electricity consumption by up to 22% at the four sites. This initiative complements the Group's electricity purchase agreement with a renewable energy generator, that provides over 55% of Adbri's electricity needs from renewable sources.</li><li>Our Concrete Products division has reduced natural gas consumption by between 50% and 80% at three sites by upgrading product curing systems.</li><li>A solar analysis calculator was developed to allow staff to conduct energy reviews. This calculator is used to evaluate the potential and capacity for solar panels at individual sites, promoting the benefits of green energy.</li></ul>
Improve efficiency of operations (energy efficiency and plant upgrades)	<ul style="list-style-type: none"><li>Our Sustainability Framework identifies plant upgrades and energy efficiency as a future priority. This is an ongoing initiative as we invest in the long-term sustainability of the business.</li><li>The majority of our clinker and lime is produced using energy efficient dry-process kilns, with state-of-the-art technology including staged preheaters and precalciners.</li><li>Over the past three years we have also completed energy audits on our key operations, resulting in the upgrade of two large process fans at the Birkenhead site in 2020 to improve energy efficiency.</li></ul>
Reduce the use of potable water in industrial processes	<ul style="list-style-type: none"><li>A range of initiatives have also been ongoing to increase water use efficiency including the use of treated recycled water from vehicle wash stations and increasing fresh water capture and containment.</li><li>Potable mains water consumption decreased from 1,327 ML in 2019 to 1,206 ML in 2020 (down 9.1% across Adbri).</li></ul>
Improving environmental compliance through technology	<ul style="list-style-type: none"><li>A centralised compliance management and review system was developed during 2020 to improve management activities across environmental obligations. This assists sites to manage and centrally report environmental compliance against licence conditions, providing up-to-date performance information.</li><li>A summary of our environmental performance is included on page 60 of the Directors' Report.</li></ul>





### Water savings at Sellicks Hill quarry

Sellicks Hill quarry has reduced its reliance on mains water for dust suppression with the completion of water infrastructure upgrades during the year. The initiative consisted of entering into a supply agreement to access recycled water for the site, investing in associated infrastructure to support the connection and extension to the existing off-

site supply network, on-site water and pumping infrastructure, and the installation of a large capacity holding tank. This has resulted in an 80% improvement in pumping efficiency, with recycled water providing between 60% and 70% of water required at the site, reducing use of potable water by 51 ML since November 2019.

### Protecting the pied oystercatcher

For the past three years the team at our Dunbogan sand quarry has created and maintained a breeding ground for a pair of threatened pied oystercatchers who call the quarry home.

With around 200 oystercatcher breeding pairs remaining in New South Wales, the team has erected a predator-proof fence around the nest to allow the family of pied oystercatchers to flourish within the operating quarry site.





Task Force on Climate Related Financial Disclosure (TCFD)

Adbri committed to phase in reporting in accordance with the TCFD. The disclosures are based around the TCFD recommendations within four areas of Governance, Strategy, Risk Management and Metrics.

TCFD governance

Adbri's governance processes for sustainability set out in this report, incorporates climate change risk.

TCFD strategy

Adbri's Sustainability Framework provides the Group's sustainability strategic goals that include climate change, setting out details of initiatives, priorities and near-term targets. Key climate change issues that were used to guide the development of the strategy present both risks and opportunities to Adbri as set out below:

Short-term (<5 years)	Medium-term (5-20 years)	Long-term (>20 years)
<ul style="list-style-type: none"><li>Price for GHG emissions that are not matched internationally, leading to deterioration of competitive cost position, resulting in higher costs / lower margins</li></ul>	<ul style="list-style-type: none"><li>Material specifications for construction projects are changed, reducing demand for the Company's products, reducing volumes and profitability</li></ul>	<ul style="list-style-type: none"><li>Rising sea levels adversely impact operations in coastal areas. Significant operations associated with the Cement and Lime division are situated in coastal locations</li></ul>
<ul style="list-style-type: none"><li>Transition to renewable energy – higher costs and potential for disruption to production due to intermittent supply</li></ul>	<ul style="list-style-type: none"><li>A substitute for Portland clinker-based cement becomes commercially viable, stranding current cement production assets</li></ul>	

Climate change risks have the potential to increase costs that are not recoverable in the markets due to competitive pressures. For example, where these costs are not imposed evenly on all participants, such as in a scenario where there is a lack of global co-ordination for a price on carbon. The Group's Australian-based manufacturing facilities compete with suppliers of clinker, cement and lime located throughout the Asia Pacific region while the Group also sources cementitious products from suppliers in the region.

A move to lower emission products has improved the conversion of waste streams to either inputs into the production of construction materials or as an energy source. The International Energy Agency (IEA) has developed a technology roadmap for the cement industry, building on a long-standing collaboration between the IEA and the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD). The main element of the roadmap is the decoupling of cement production from direct GHG emissions through initiatives such as:

- improving energy efficiency;
- switching to fuels that are less carbon intensive;
- reducing the clinker to cement ratio; and
- implementing emerging and innovative technologies such as carbon capture.

The Group's sustainability strategy, initiatives and priorities as outlined in our framework are aligned to the IEA roadmap.

TCFD scenario analysis

Scenario analysis provides an insight into the resilience of an organisation's strategy to different climate-related scenarios. Scenarios are a hypothetical view of the future, allowing an assessment of the impact on Adbri under different climate scenarios that may occur as a result of global emissions, and also what might occur as a result of global and local trends and initiatives in policy and technology advancement. These 'What if...' scenarios then help Adbri refine business strategies.

Adbri completed a climate change scenario analysis for the first time in 2020, looking at both physical and transitional risks associated with climate change. Three scenarios were included in the analysis, developed using climate scenarios from the Intergovernmental Panel on Climate Change (IPCC) and sector impacts utilising IEA scenarios. Utilising these external sources leverages recognised inputs to aid comparison of the data.

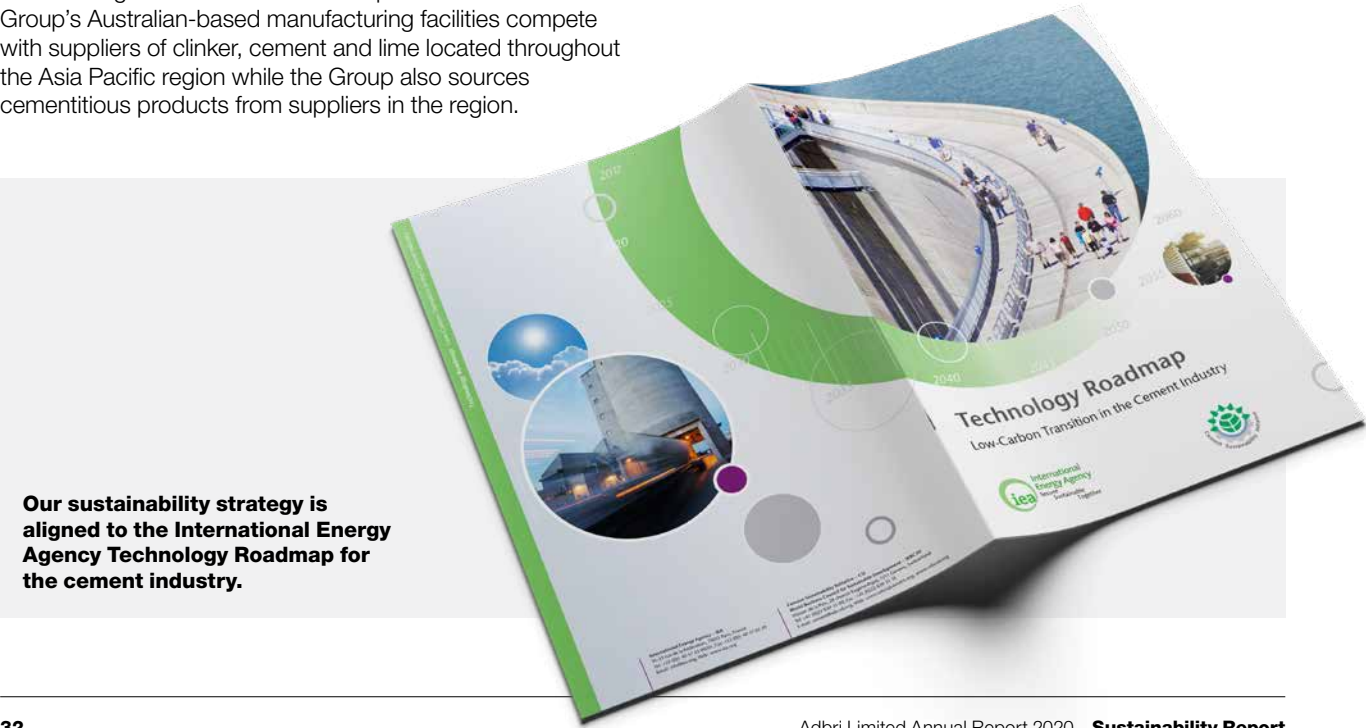
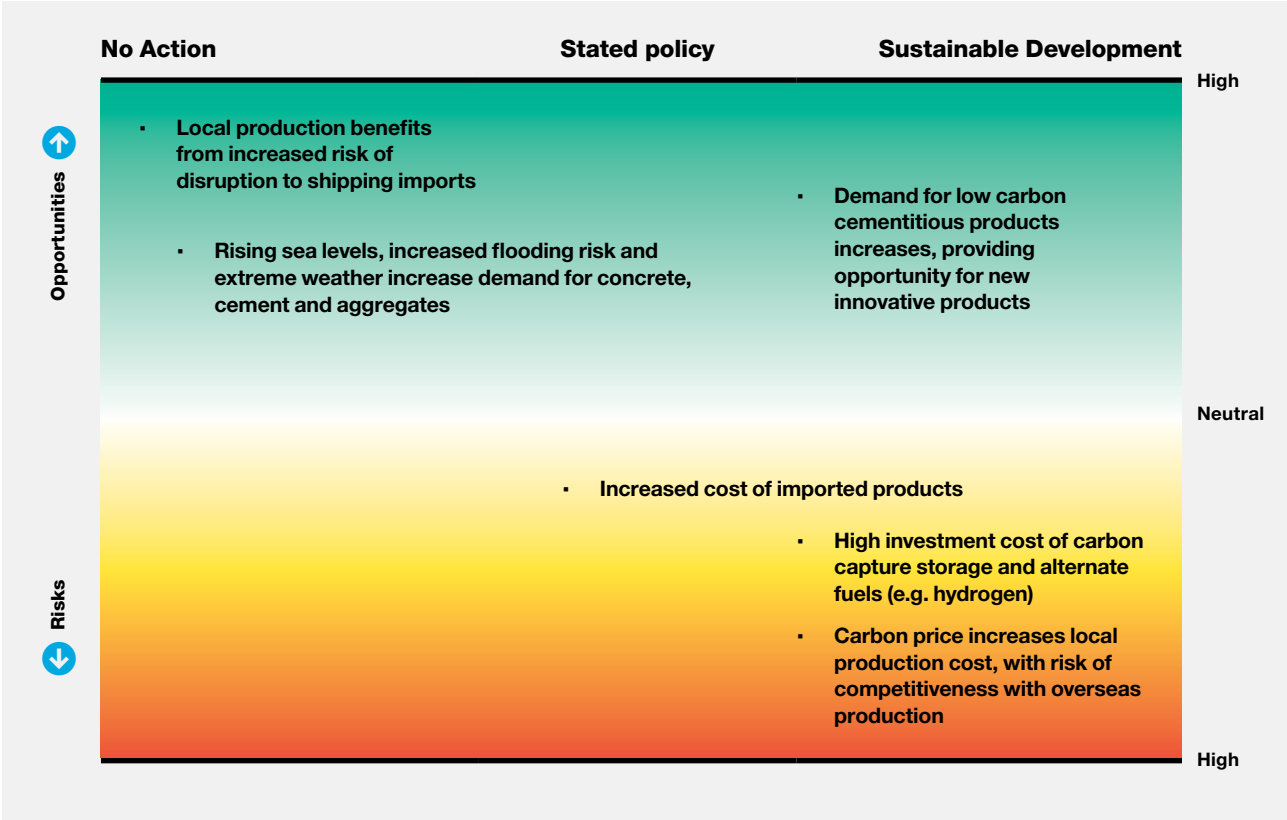
The 3 scenarios are summarised below:

Scenario name	No action	Stated policy	Sustainable development
Temperature target	4.0°C	2.7°C	1.7°C
IPCC / IEA reference	IPCC RCP 8.5 / IEA 6DS	IEA Stated policy	IEA sustainable development
Summary	This scenario represents emissions trend in recent years, with an absence of efforts to stabilise GHG, global temperature rises 4°C this century. High risk of extreme weather events, coastal flooding, lower crop yields and the continued use of fossil fuels.	Represents scenario based on current stated policy ambitions. Achieving country net-zero target is not automatically assumed.	Limits impact of physical risk from climate change, however, requires a rapid and wholesale change in energy markets.
2040 carbon price	US\$0/t	US\$24-44/t	US\$125-140/t
Reason for using scenario	This is considered a worst-case climate scenario. Provides a basis for assessing high impact physical risks.	Scenario based on current plans and policies, aligning to Australian commitments and current policies.	Scenario meets Paris target of "well below 2°C", representing effective action on climate change. Provides a basis for assessing high impact transition risks.

These scenarios consider trends and factors such as carbon intensity, energy prices and sourcing, water stress, extreme weather events and underlying demand for the Company's products.

Provided below is a summary of the key opportunities and risks identified through the scenario analysis process. Opportunities and risks have been rated between neutral to high based on the impact to Adbri earnings.

As this is our first experience of working with climate scenarios, we will continue to assess the opportunities and risks identified. This assessment will inform our ongoing response to climate change.



TCFD risk management

As part of the Group’s risk management process, climate change has been identified as a strategic risk on the basis that Adbri’s core products of cement and lime are energy and GHG emissions intensive, potentially impacting future operating and financial performance. The Group operates a risk management framework which includes reporting of strategic risks to the Board’s Audit, Risk and Compliance Committee and the Board. In addition, specific risks associated with sustainability, including climate change, are included in the SHES Committee agenda. The risk framework categorises risks by reviewing the likelihood, impact, timing and mitigations in place to come to an overall assessment that allows determination of the overall significance of risks.

TCFD Metrics

	20	19	% Change
CO <sub>2</sub> -e emissions by product <sup>1</sup>			
Cement	1,038	1,129	(8.1)
Lime	1,196	1,174	1.9
Other	99	84	17.9
Total Group	2,333	2,387	(2.3)
Emission intensity by product <sup>2</sup>			
Cement <sup>3</sup>	0.62	0.68	(8.8)
Lime	1.14	1.06	7.5

1. Scope 1 and scope 2 in thousand tonnes CO<sub>2</sub>-e  
2. Tonnes CO<sub>2</sub>-e /tonne  
3. Emissions intensity of cement from locally produced clinker

Adbri’s progress compared to the IEA key indicators

	IEA 2°C scenario low-variability case		Adbri	
	2030	2014	20	19
Clinker to cement ratio	0.64	0.65	0.77	0.79
Thermal efficiency – GJ/t clinker	3.30	3.50	4.30	4.80
Electricity intensity – kWh/t cement	87.00	91.00	114.00	119.00
Alternate fuel usage (% of thermal energy) <sup>1</sup>	17.50	5.60	25.00	23.00
Direct CO <sub>2</sub> intensity of cement – tCO <sub>2</sub> -e/t cement	0.52	0.54	0.62	0.68

1. Integrated clinker / cement facilities

2.3%  
↓

in emissions across the Group.

The Group seeks to manage climate change risk in the short-term through improved efficiency of production processes, switching to low emissions fuels including the use of biomass, and leveraging the use of clinker substitutes. To manage long-term climate change risk, the Group is also investing in the development of non-clinker-based substitute products, advancing research in low carbon cement and lime through participation in cooperative research centres (CRC) including the Heavy Industry Low-carbon Transition CRC, and monitoring the commercialisation of carbon capture use / storage technology.

Low Carbon Products

Adbri recognises that low carbon products will play a critical role in addressing climate change and allow us to add value for our customers. We are investing in the development of new innovative products, as well as collaborating with industry partners to meet our customers’ changing needs.

Low carbon products -  
Performance metrics, targets and progress

Material topics	Measure	20	19	Targets	Progress
Alternative raw materials <sup>1</sup>	Tonnes	1,287,403	1,282,507	5-year target of 20% increase in tonnage from 2019 baseline	0.4% increase

1. Alternative raw materials are wastes or by-products from other industrial processes that are diverted for re-use as beneficial feedstock. The 2019 value has been adjusted to provide the financial year value – previously provided as calendar year value.

Low carbon products -  
Achievements

Initiatives	Progress
Using raw material substitutes	<ul style="list-style-type: none"><li>Total alternative raw materials use has increased from 2019 by 4,896 tonnes.</li><li>Alternative raw materials used in cement production processes involves diverting secondary materials of industrial by-products from landfill for beneficial use in production, including cementitious substitutes of blast furnace slag, used foundry sand and mill scale.</li><li>Trials of manufactured sand produced from recycled glass to reduce the volume of river sand used in the process to manufacture concrete products at the Townsville plant.</li></ul>
Developing geopolymers capability	<ul style="list-style-type: none"><li>Adbri has a well-developed pipeline of low carbon and other innovative products including development of alternative binders and new supplementary cementitious materials. The Company has built internal capability to innovate in the low carbon products space, leveraging expertise and developments outside of Adbri through strategic partnerships, research support and working with industry on the development standards.</li></ul>
Recycle cement packaging	<ul style="list-style-type: none"><li>Adbri partnered with Mondi Frantschach (PEFC and FSC certified) and Pope Packaging to produce rain resistant bags for cement and lime products. Product advantages include durability, rain resistance and water repellence, and support for the Australian National Packaging Covenant 2025 Targets. Sustainability benefits include improved efficiency of plant and material usage, reduced product wastage, and improved recycling.</li></ul>
Environmental product disclosure	<ul style="list-style-type: none"><li>Adbri Management is progressing the development of Environmental Product Disclosures for a range of products.</li></ul>
Grow portfolio of carbon-neutral / low carbon products via R&D investment and strategic initiatives	<ul style="list-style-type: none"><li>Detailed product development work has been conducted to identify the potential to use an alumina silicate by-product material, derived from the refining of lithium, as a suitable supplementary cementitious material. Work conducted includes extensive laboratory and field trials. This work will continue into 2021, providing a further circular economy opportunity that provides low carbon and waste reduction benefits.</li><li>Adbri participates in cooperative research centres to improve performance of products, including the Heavy Industry Low-carbon Technology CRC and the Smartcrete CRC.</li></ul>
Maintaining supply of key supplementary cementitious materials	<ul style="list-style-type: none"><li>As the global supply of fly ash and slag as key supplementary cementitious materials tightens, Adbri remains a leader in identifying new and reliable sources of these established construction materials and ensuring robust supply chains are in place to ensure our customers’ needs are managed.</li></ul>



Green star concrete

During the year, Hy-Tec has been supplying low carbon concrete to customers in the Greater Sydney area. The use of up to 50% slag and fly ash, a by-product of iron and steel making and power generation respectively, is helping reduce the amount of Portland Cement used in the Group's concrete.

This concrete provides green credit points as outlined by Green Building Council of Australia and is currently being utilised on Australian infrastructure projects, including the Sydney Opera House accessibility works.

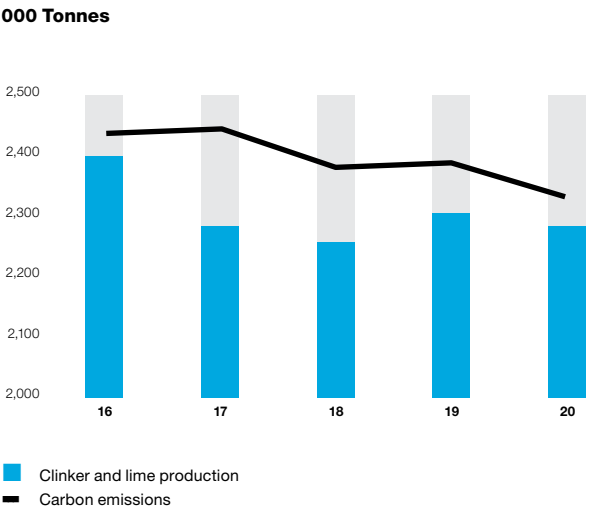


Low carbon future

Taking action to address our carbon emissions is a key part of our sustainability journey to address the shared global challenge of climate change. In a carbon constrained world, we strive to further reduce our carbon footprint and forge a path to our low carbon future and contributing to the UN SDG #13 *Climate Action* and Paris Agreement 2050 net zero carbon ambitions.

The process of calcination of limestone to produce lime and clinker accounts for approximately 60% of our carbon emissions. In order to achieve the transition that aligns with carbon neutral 2050 ambitions, step change technology advances will be a necessary component. Consequently, in addition to further evolving current circular economy initiatives in the alternative fuels and low carbon product space, priority areas beyond 2025 as part of a low carbon future include tracking the feasibility and development of carbon capture storage and engagement in research and development partnerships.

Total group carbon emissions



Our carbon emissions reduction initiatives in the nearer term are focused on investments to expand the use of alternative fuels, continuing technological efficiency optimisation and expansion of low carbon production with the use of alternative materials in support of a circular economy and life cycle thinking. To progressively reduce our emissions, we have set a 5-year target of 7% carbon emission reduction from a 2019 baseline. Since 2010, Adbri's carbon footprint from our scope 1 emissions (process emissions, kiln fuels, vehicle fuel, and stationary plant fuel), and scope 2 emissions (electricity purchased from the grid used at our sites) has reduced circa 1 million t CO<sub>2</sub>-e or 31%, of which 8.7% was in the last 5 years.

Adbri's total scope 1 and 2 emissions reduced by 2.3% compared to 2019 which is equivalent to:

- taking nearly 11,800 cars off the road; or
- powering nearly 6,300 homes for a year.

Adbri's total emissions vary with production volumes as a result of the process emissions from clinker and lime production being the main contributors to the Group's total carbon emissions. Over time, the Group's production footprint has changed, with closure of low efficiency clinker production facilities to concentrate production at more energy-efficient sites. Adbri's emissions reduction is further improved with a range of initiatives underway across the business.

At Adbri's 2020 Annual General Meeting, the Company announced the transition away from using coal at the Munster plant in Western Australia. Significant progress has already been made with coal usage as a kiln fuel at the Munster site reducing by 17.3% in 2020, displaced by natural gas and reducing emissions by 17,182 tCO<sub>2</sub>-e. The complete transition from coal has been delayed on account of cessation of the Alcoa lime supply contract. Further reductions in coal usage are anticipated in 2021 and 2022.

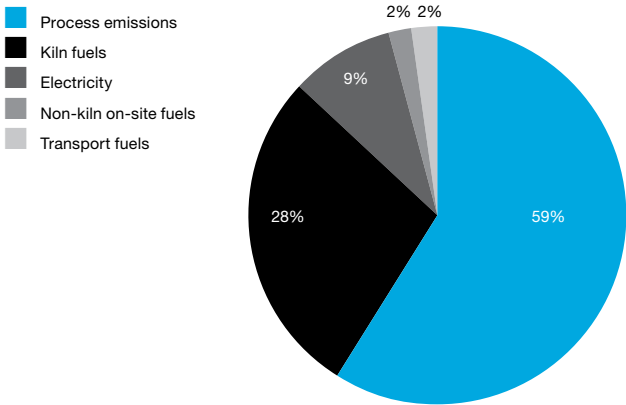
In addition, while not captured in these emission reduction figures, the Group continues to support renewable energy via supply agreements for the provision of electricity from renewables.

As the emissions profile for our business varies across our operations, each area can contribute to Adbri's emissions reduction efforts in different ways. Cement and lime production is dominated by process emissions and kiln fuel usage, whilst emission from concrete and aggregates operations are dominated by fuel usage and concrete products manufacturing by electricity use.

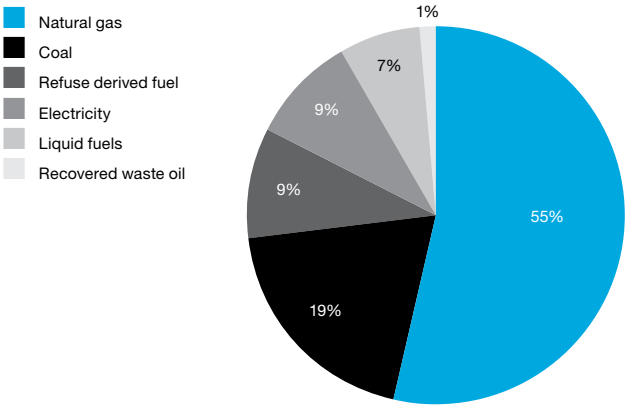
Scope 3 emissions

Adbri has commenced collecting 'scope 3' emissions representing indirect carbon emissions created by third parties 'on our behalf' so that we can continue to operate. For example, purchased goods / imports, transport of raw materials such as clinker and slag, fuel extraction such as natural gas, electricity transmission and business air travel. This helps to better account for our entire carbon impact beyond what the NGER legislation requires and forms part of our disclosure in line with TCFD recommendations. We have commenced with scope 3 emissions that are considered most material to our business. We will continue to assess scope 3 reporting with reviews to refine and define materiality boundaries during 2021.

NGER scopes 1 & 2 emissions



Energy by source





Engaged people

Our people are our most important asset, with safety and inclusivity representing two of Adbri’s pillars which guide the Company’s decisions. Adbri is committed to providing a safe and inclusive workplace that values and promotes diversity.

Creating a culture that embraces difference and is inclusive will ensure Adbri continues to be a great place for everyone to work. We measure our performance in this regard through employee engagement surveys. Our aim is to reduce harm to our people both now and into the future, supported by our vision, ‘Work Safe, Home Safe’.

In 2019, the Adbri Executive together with the Board, endorsed Adbri’s Safety ‘Step Change’ program, setting out a cultural change initiative that has continued throughout 2020 despite disruptions due to the COVID-19 pandemic, resulting in a 47.2% reduction in our people injured on our worksites, the lowest recorded in Adbri’s history.

Engaged people - Performance metrics, targets and progress

Material topics	Measure	20	19	Targets	Progress
Total recordable injury frequency rate Adbri methodology	HRS¹	7.4	16.2	Set a 5-year target of 10% reduction in TRIFR every year	Improvement - 54.3% reduction
Total recordable injury frequency rate (TRIFR) OFSC² methodology	HRS	5.6	10.6	Set a 5-year target of 10% reduction in TRIFR every year	Improvement - 47.2% reduction
Lost time injury frequency rate	HRS¹	1.7	2.5	N/A	Improvement - 32.0% reduction
High potential incidents	Number	54	37	N/A	Improvement - 45.9% increase
HSE near misses	Number	486	874	N/A	Improvement - 44.4% reduction
HSE hazards	Number	2,922	3,211	N/A	Improvement - 9.0% reduction
Female Non-executive Directors (NEDs)	%	50%	43%	Maintain a 5-year target of 30% female NEDs	Exceeded target
Female employees	%	15%	15%	Set a 5-year target of 20% female employees from 2019 baseline	No change

1. Measured as per million person-hours worked.  
2. Office of the Federal Safety Commissioner.





Initiatives	Achievements
Safety step change program - critical risk management	<ul style="list-style-type: none"><li>Adbri's Critical Risk Program was introduced in 2019 as a strategic priority to ensure our systems and standards are designed and maintained to eliminate or minimise critical HSE risks across Adbri operations and activities. Self-assessments tools were implemented during 2020, to build on the program, verifying critical controls are in place and effective for managing critical risks.</li><li>724 critical risk control self-assessments were undertaken in 2020, supporting increased risk awareness and recognition of compliance to critical risk controls to keep our people safe.</li></ul>
Safety step change program - musculoskeletal care and wellbeing	<ul style="list-style-type: none"><li>Adbri's InitialCare program (early intervention program) was introduced with the goal to address variable medical treatment / intervention provided following a workplace injury. The InitialCare program provides employees immediate phone access to specialised triage nurses for advice and support as soon as a workplace injury occurs, as well as up to four medical and physiotherapy appointments, if required.</li><li>63 employees participated in the program for musculoskeletal injuries, with 48% of cases resulting in a 'self-management' outcome requiring no physiotherapy or medical treatment.</li></ul>
Safety step change program - safe transport	<ul style="list-style-type: none"><li>Following Adbri's Professional Driver Forums conducted in 2019, a key focus in 2020 was to further consult with our professional drivers to deliver training programs to support greater knowledge on important vehicle operational systems and defensive driving practices. Examples include the 'Driving Down Hill, Managing Steep Descents' training program.</li><li>The increase in skill level is showing a definitive reduction in both minor and severe road accidents, with a 32% reduction in heavy vehicle accidents recorded.</li></ul>
Safety step change program - visible leadership	<ul style="list-style-type: none"><li>The Visible Leadership Observations, which includes our Ride with a Driver Observations, continue to foster a culture of recognition of safe behaviours, sharing lessons learnt and best practice initiatives across teams.</li><li>216 Visible Leadership discussions were reported in 2020.</li></ul>
Review of diversity and inclusion policy	<ul style="list-style-type: none"><li>An updated Diversity and Inclusion Policy was launched to staff during 2020. The Policy outlines Adbri's commitment to being an inclusive workplace that values and promotes diversity. For us diversity encompasses gender, marital and family status, sexual orientation, gender identity, ethnicity, age, disabilities, religious beliefs, cultural background, socio-economic background, perspective and experience.</li><li>A Diversity and Inclusion Strategy to achieve our commitment was finalised during the year with five focus areas of culture, communication, capability, connection and community.</li><li>Quantitative data from the annual review of company culture revealed that Adbri is making a substantial effort to adhere to inclusion principles in line with the communicated importance of "embracing differences" under the Company's inclusivity pillar.</li><li>Recruitment data highlights an improvement in gender diversity in hiring activities, with females representing 30% of applicants (2019: 18%) and 28% of new hires (2019: 20%).</li><li>The Executive team participated in externally facilitated "Conscious Inclusion" workshops.</li></ul>
Developing Reflect Reconciliation Action Plan (RAP)	<ul style="list-style-type: none"><li>As part of Reconciliation Action Week, Adbri launched its inaugural Reflect RAP. A number of milestones have been achieved within the RAP including:<ul style="list-style-type: none"><li>cultural learning program provided to 248 employees responsible for managing people, including Directors, the Executive team and Management;</li><li>Acknowledgement of Country incorporated into key external meetings including the 2020 Annual General Meeting and 2020 Half Year Results; and</li><li>financial support to Aboriginal and Torres Strait Island organisations with a strong focus on education of \$60,000.</li></ul></li></ul>
Implementing graduate program	<ul style="list-style-type: none"><li>Three graduates participated in Adbri's inaugural Graduate Program in 2020, with each graduate partaking in three rotations within the business. Graduates were supported by mentors as part of our investment in developing talent.</li></ul>
Inaugural modern slavery statement	<ul style="list-style-type: none"><li>Adbri released a Modern Slavery Policy in 2020, with associated analysis of key risks across the supply chain and engagement with suppliers to complete a declaration on their processes.</li><li>The Group is committed to eliminating modern slavery within our operations and supply chain by:<ul style="list-style-type: none"><li>within our operations: ensuring employees work voluntarily, paying at-least the minimum wage, training staff on modern slavery and assessing modern slavery risks annually; and</li><li>within our supply chain: engage contractors and suppliers that uphold Adbri's commitment of eliminating modern slavery, due diligence of suppliers and assisting suppliers to identify modern slavery within their operations and supply chain.</li></ul></li><li>672 suppliers completed modern slavery declarations, a 100% completion rate.</li><li>Employees and suppliers can access an external Whistleblower Program to report suspected breaches of the Modern Slavery Policy.</li></ul>
Common values and goals	<ul style="list-style-type: none"><li>As part of the rebrand of Adbri, we commenced embedding a common purpose, promise, story and pillars across the Group.</li><li>Our 2020 staff engagement survey included questions on culture to provide base level data to track our progress.</li></ul>
Digital strategy	<ul style="list-style-type: none"><li>In August 2020 an internal communication tool called 'Cooee' was launched to foster engagement with staff.</li></ul>

Protecting against COVID-19

The health and wellbeing of our people and customers was paramount as we responded to COVID-19. With less than a few days' notice, 400 employees transitioned to remote working, to minimise COVID-19 risks to our operational staff whilst keeping our manufacturing facilities safely "open for business".

The strong governance approach adopted by our Crisis Management Team and Pandemic Co-ordination Team allowed us to adapt our processes as we introduced social distancing and increased hygiene measures at all our sites, while upgrading our systems to facilitate working remotely. COVID Safe Plans were developed for all Adbri sites with 2,678 COVID hygiene audits, and 374 mock scenario COVID-19 emergency response scenario tests completed.

To support our people in helping keep our communities safe, Adbri created a special leave arrangement, 'Isolation Leave' that enabled employees and Lorry Owner Drivers (LODs) to continue to be paid their normal wages while waiting on test results for COVID-19. 103 employees and 12 LODs accessed a total of 374 days Isolation Leave, with only one employee contracting COVID-19 from a family member and no downtime to our operations.



R U OK?

In 2020, Adbri sites participated in a 'R U OK?' Day morning tea with Kit Kats to remind everyone that any day is the day to ask, "Are you OK?" and support those struggling with life.

To strengthen the support Adbri provides to its people, we trained mental health first aiders and conducted online mental health awareness training.



374

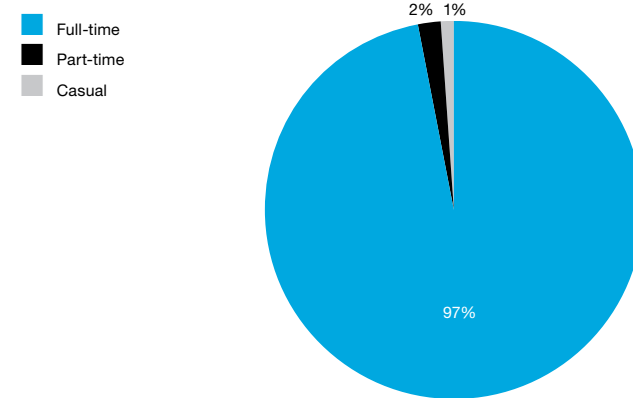
mock scenario COVID-19 emergency response scenario tests completed.

28%

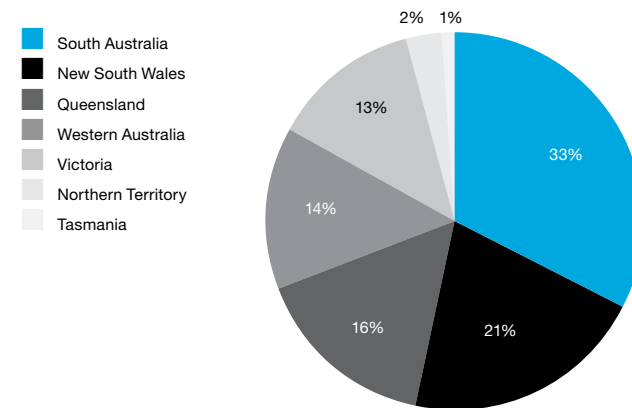
of employees transitioned to remote working with less than a few days' notice.



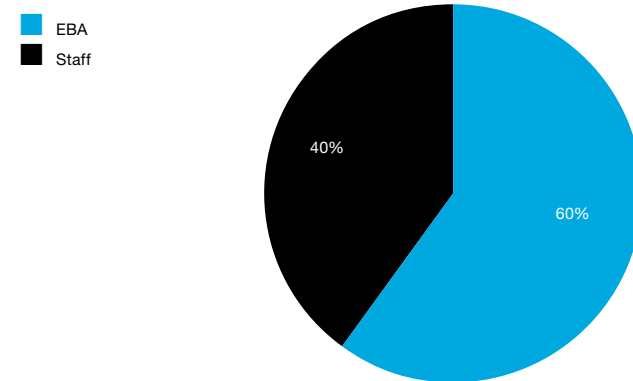
## Employment by employment status



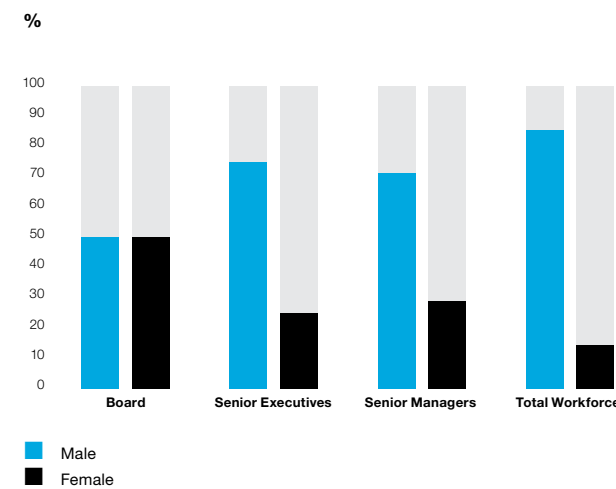
## Employment by geography



## % Employees on EBA vs staff

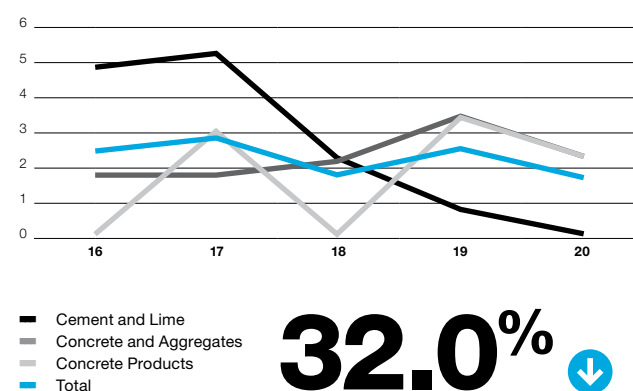


## Gender diversity



## Lost time injury frequency rate

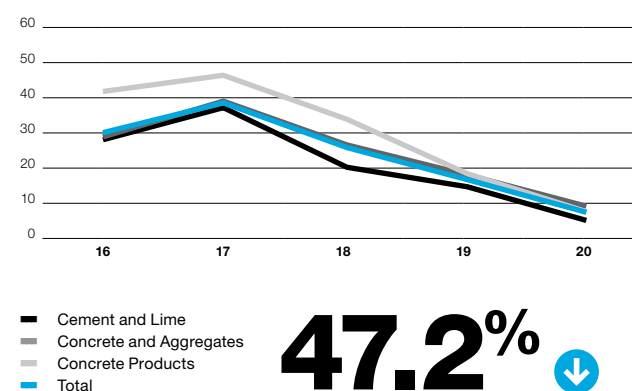
Total lost time injuries per million hours worked



**32.0%** ↓

## Total reportable injury frequency rate

Total recorded injuries per million hours worked

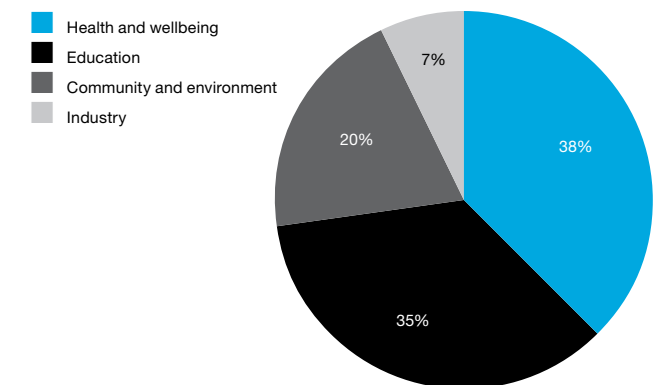


**47.2%** ↓

## Engaged communities

Adbri strives to be a good neighbour and to be a part of the communities in which we operate. Our people are local people, people who are part of the community and understand where we can make the most difference. Wherever possible we look locally to build economic prosperity in our towns and cities. We work with local community groups, providing financial support to schools, sporting clubs and community groups.

## Community investment spend by focus area



## Engaged communities - Performance metrics, targets and progress

Material topics	Measure	20	19	Targets	Progress
Community investment	\$	203,204	263,221	Community investment aligned with strategy	Ongoing investment in communities

## Achievements

Current initiatives	Achievements
<b>Developing cohesive messaging and branding for communities and investors</b>	<ul style="list-style-type: none"> <li>Following approval from shareholders in May 2020, the Company rebranded to Adbri Limited, creating an opportunity to improve the connection of our brands with the inclusion of 'an Adbri Company' tagline as part of our strategy to build a national brand presence.</li> </ul>
<b>Strategic community engagement initiatives</b>	<ul style="list-style-type: none"> <li>COVID-19 restrictions required us to adapt new ways to engage with the community. Our Community Liaison Group at Birkenhead met virtually for the first time to ensure we remained connected with the community.</li> <li>Extensive consultation was undertaken with stakeholders for the \$199.0 million upgrade of Kwinana seeking community / stakeholder input into the development and approval processes.</li> </ul>
<b>Supporting local employment</b>	<ul style="list-style-type: none"> <li>In recognition of the importance of local employment and in line with our RAP, Adbri entered into a three-year labour hire partnership with Tecside to encourage Aboriginal employment opportunities.</li> <li>Procurement guidelines were implemented that recognise the important role of small and medium businesses in creating strong regional economies.</li> </ul>

## Adbri bushfire fund

Adbri Community Rebuild Fund was established during the year to support communities impacted by the bushfires during the summer of 2019 / 2020.

The fund, which commits up to \$250,000 of Adbri Masonry products to help rebuild local community assets, is currently finalising details with several recipients to create long-term community benefit.





Building diverse talent

During the year we continued to partner with the Kwinana Industries Council (KIC) to encourage young people to pursue careers in our sector. In addition to our sponsorship of the iWOMEN project which provides opportunity for students to meet women in non-traditional female roles, we also partnered with

KIC to support their 2020 iCONFERENCE. This event brought together all students who had participated in iWOMEN, iMEN and iSCIENCE during the year and built on their learnings from their iPROJECT. Initiatives such as these are helping us build a future pipeline of diverse talent in our industry.



We supported Warriappendi School with a donation of pavers.

Embedding reconciliation

To formalise Adbri’s reconciliation journey, we launched our inaugural Reflect Reconciliation Action Plan (RAP) during the year at the Warriappendi School in Adelaide. Our RAP looks for ways to create employment, education, empowerment and economic development opportunities for Aboriginal and Torres Strait Islander peoples.

In addition to partnering with the Warriappendi School who developed the artwork that is featured on our RAP, we have also supported the South Coogee Primary School in Western Australia (pictured below) in creating a mural telling the story of the six Noongar seasons in their playground.

